
Wisconsin Legislative Council

AMENDMENT MEMO



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2021 Assembly Bill 610

Assembly Amendment 1

BACKGROUND

Current law governs the manner in which real property is valued by an assessor. Very briefly, an assessor is required to determine value on the basis of three considerations: (1) recent arm's-length sales of a property; (2) recent arm's-length sales of reasonably comparable property; and (3) all factors that affect the value of the property.

Current law requires the Department of Revenue (DOR) to publish a manual and requires an assessor to value real property in the manner specified in the manual.

2021 ASSEMBLY BILL 610

Assembly Bill 610 prohibits an assessor from using or considering certain information when determining the value of real property. Specifically, the bill prohibits an assessor from doing the following:

- Using a mortgage or bank appraisal, or any portion thereof.
- Using projected rents and other future or anticipated benefits.
- Using list or asking prices, or list or asking rents.
- Using price trends in order to increase the assessed value of multiple properties by a general amount or percentage.
- Considering the value of a club house, swimming pool, or other amenity that is part of a multi-family property if the club house receives minimal or no rental income.

The bill also provides that if an inconsistency or ambiguity exists between statute and the DOR manual, then statute controls the practices of the assessor.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 adds “actual or market rent” as a fourth item of information that an assessor must consider when determining value of real property under current law. The amendment defines “actual or market rent” as the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

The amendment also narrows the types of information that an assessor is prohibited from using or considering when valuing real property. As modified by the amendment, the bill prohibits an assessor from doing the following:

- Using future or anticipated benefits.
- Using list or asking prices, or list or asking rents.

BILL HISTORY

Assembly Amendment 1 was introduced by Representative Brooks on October 15, 2021. On October 19, 2021, the Assembly Committee on Housing and Real Estate recommended adoption of the amendment on a vote of Ayes, 10; Noes, 0. The committee then recommended passage of the bill, as amended, on a vote of Ayes, 8; Noes, 2.

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